

2024 Third Extraordinary Session

HOUSE BILL NO. 2

BY REPRESENTATIVE EMERSON

TAX/CORP INCOME: Provides for a flat rate for purposes of calculating corporate income tax and terminates certain corporate income tax exemptions, deductions, and credits (Item #4)

1 AN ACT

2 To amend and reenact R.S. 47:287.12, 287.750(I), 4302(B), 6007(I), 6015(J),

3 6019(A)(1)(a)(i), 6020(H), 6022(D)(4)(introductory paragraph), and 6023(I) and

4 R.S. 51:1787(L) and 2461, to enact R.S. 47:287.73(C)(6), 287.744, 3204(M), and

5 6022(M) and R.S. 51:2399.3(C), and to repeal R.S. 17:3389, Part II of Chapter 26

6 of Title 25 of the Louisiana Revised Statutes of 1950, comprised of R.S. 25:1226

7 through 1226.6, R.S. 47:12, 34, 37, 287.73(C)(4), 287.95(H), 287.748, 287.749,

8 287.752, 287.755, 287.758, 287.759, 301(10)(a)(vi), Chapter 5 of Subtitle V of Title

9 47 of the Louisiana Revised Statutes of 1950, comprised of R.S. 47:4331, R.S.

10 47:6005(G), 6006, 6008(D), 6011, 6012, 6013(D), 6014(F), 6015(L), 6016,

11 6016.1(N), 6017(C), 6018, 6021, 6022(L), 6025 through 6027, 6030, 6032(H), 6035

12 through 6037, 6041, 6104(D), 6105(B), 6106(E), and 6107(C), Chapter 22 of Title

13 51 of the Louisiana Revised Statutes of 1950, comprised of R.S. 51:1801 through

14 1813, R.S. 51:1932, Part VI of Chapter 39 of Title 51 of the Louisiana Revised

15 Statutes of 1950, comprised of R.S. 51:2351 through 2360, Chapter 52 of Title 51

16 of the Louisiana Revised Statutes of 1950, comprised of R.S. 51:3081 through 3094,

17 Chapter 54 of Title 51 of the Louisiana Revised Statutes of 1950, comprised of R.S.

18 51:3111 through 3115, and Chapter 55 of Title 51 of the Louisiana Revised Statutes

19 of 1950, comprised of R.S. 51:3121, relative to corporate taxation; to provide for a

20 flat tax rate for purposes of calculating corporation income tax liability; to provide

1 for the reduction of the rate; to establish a bonus depreciation deduction; to provide  
 2 for definitions and certain limitations with respect to the bonus depreciation; to  
 3 authorize the promulgation of rules and regulations; to provide for the termination  
 4 of certain credits claimed against corporation income tax liability; to repeal certain  
 5 tax exemptions, deductions, and credits; to repeal provisions relative to  
 6 determination of location of movables for purposes of determining apportioned  
 7 income for certain businesses; to repeal a sales tax exclusion for certain purchases  
 8 by motion picture production companies; to repeal the corporate tax apportionment  
 9 program; to repeal expired requirements for certain legislative committees to review  
 10 certain tax credits; to provide for applicability; to provide for an effective date; and  
 11 to provide for related matters.

12 Be it enacted by the Legislature of Louisiana:

13 Section 1. R.S. 47:287.12, 287.750(I), 4302(B), 6007(I), 6015(J), 6019(A)(1)(a)(i),  
 14 6020(H), 6022(D)(4)(introductory paragraph), and 6023(I) are hereby amended and  
 15 reenacted and R.S. 47:287.73(C)(6), 287.744, 3204(M), and 6022(M) are hereby enacted  
 16 to read as follows:

17 §287.12. Rates of tax

18 A. For taxable years beginning on or after January 1, 2025, and before  
 19 January 1, 2026, the ~~The~~ tax to be assessed, levied, collected, and paid upon the  
 20 Louisiana taxable income of every corporation shall be computed at the rate of: five  
 21 and one-half percent.

22 ~~(1) Three and one-half percent upon the first fifty thousand dollars of~~  
 23 ~~Louisiana taxable income.~~

24 ~~(2) Five and one-half percent on the amount of Louisiana taxable income~~  
 25 ~~above fifty thousand dollars but not in excess of one hundred fifty thousand dollars.~~

26 ~~(3) Seven and one-half percent on the amount of Louisiana taxable income~~  
 27 ~~above one hundred fifty thousand dollars.~~

1           B. For taxable years beginning on or after January 1, 2026, the tax to be  
2           assessed, levied, collected, and paid upon the Louisiana taxable income of every  
3           corporation shall be computed at the rate of three and one-half percent.

4                                   \*           \*           \*

5           §287.73. Modifications to deductions from gross income allowed by federal law

6                                   \*           \*           \*

7           C. Additions. The following items are declared allowable as deductions in  
8           the computation of net income and shall be added to the deductions allowed under  
9           federal law to the extent not already included therein:

10                                   \*           \*           \*

11           (6) The bonus depreciation deduction provided for in R. S. 47:287.744.

12                                   \*           \*           \*

13           §287.744. Tax deduction; election; bonus depreciation and amortization

14           A. General. For purposes of computing net income for taxable years  
15           beginning on or after January 1, 2025, there shall be allowed a deduction, at the  
16           election of the taxpayer, from federal gross income for costs of qualified property,  
17           qualified improvement property, and research and experimental expenditures, as  
18           provided in this Section.

19           B. Definitions. For purposes of this Section, the following words shall have  
20           the following meanings:

21           (1) "Bonus depreciation" and "bonus amortization" mean methods to recover  
22           costs for expenditures in depreciable or amortizable business assets by immediately  
23           deducting the cost of the expenditures in the tax year in which the property is placed  
24           in service or the expenditure is paid or incurred.

25           (2) "Internal Revenue Code" means Title 26 of the United States Code and  
26           Title 26 of the Code of Federal Regulations, each as in effect on January 1, 2024.

27           (3) "Qualified improvement property" shall have the same meaning as the  
28           term is defined in Section 168(e)(6) of the Internal Revenue Code.

1           (4) "Qualified property" shall have the same meaning as the term is defined  
2           in Section 168(k) of the Internal Revenue Code.

3           (5) "Research and experimental expenditures" shall have the same meaning  
4           as the term is defined by Section 174 of the Internal Revenue Code.

5           C. Bonus depreciation for qualified property and qualified improvement  
6           property.

7           (1) Expenditures for qualified property or qualified improvement property  
8           placed in service on or after January 1, 2025, shall be eligible for bonus depreciation  
9           and, if elected by the taxpayer, shall be deducted as an expense incurred by the  
10          taxpayer during the taxable year in which the property is placed in service.

11          (2) If a taxpayer elects bonus depreciation for costs of qualified property or  
12          qualified improvement property, any depreciation claimed pursuant to this Section  
13          shall not duplicate any depreciation or bonus depreciation allowable on the federal  
14          income tax return of the taxpayer for the taxable year.

15          (3) For taxable periods subsequent to the tax year in which the election has  
16          been made pursuant to this Section, federal gross income shall be increased by the  
17          amount of depreciation claimed under the Internal Revenue Code for the qualified  
18          property or qualified improvement property for which bonus depreciation has been  
19          claimed.

20          (4) Costs of qualified property or qualified improvement property for which  
21          a taxpayer has elected bonus depreciation pursuant to the provisions of this Section  
22          shall be subject to recapture upon the sale or disposition of the property in  
23          accordance with Subchapter P of Chapter 1 of Subtitle A of the Internal Revenue  
24          Code as in effect on January 1, 2024.

25          D. Bonus amortization for research and experimental expenditures.

26          (1) Research and experimental expenditures paid or incurred on or after  
27          January 1, 2025, shall be eligible for bonus amortization and, if elected by the  
28          taxpayer, shall be deducted as an expense incurred by the taxpayer during the taxable  
29          year in which the expenditure was incurred.

1           (2) If a taxpayer elects bonus amortization for research and experimental  
 2           expenditures, any amortization claimed pursuant to this Section shall not duplicate  
 3           any amortization or bonus amortization allowable on the federal income tax return  
 4           of the taxpayer for the taxable year.

5           (3) For taxable periods subsequent to the tax year in which the election has  
 6           been made pursuant to this Section, federal gross income shall be increased by the  
 7           amount of amortization claimed under the Internal Revenue Code for research and  
 8           experimental expenditures for which bonus amortization has been claimed.

9           (4) Research and experimental expenditures for which a taxpayer has elected  
 10          bonus amortization pursuant to the provisions of this Section shall be excluded from  
 11          the basis of property related to the expenditures upon the sale or disposition of the  
 12          property in accordance with Subchapter P of Chapter 1 of Subtitle A of the Internal  
 13          Revenue Code as in effect on January 1, 2024.

14           E. Election. An election is made when a taxpayer timely files an original or  
 15          amended Louisiana corporation income tax return with depreciation or amortization  
 16          expensed in the calculation of Louisiana taxable income.

17           F. Nothing in this Section shall be construed to allow as an expense the  
 18          excess of one hundred percent of the cost of property or expenditures. The  
 19          provisions of this Section shall not be construed to alter the treatment of expenses  
 20          for any tax year beginning on or before January 1, 2024.

21           G. Administration. The Department of Revenue may promulgate regulations  
 22          in accordance with the Administrative Procedure Act as are necessary to implement  
 23          the provisions of this Section.

24                                   \*       \*       \*

25          §287.750. Louisiana work opportunity tax credit

26                                   \*       \*       \*

27           I. No credit shall be granted pursuant to this Section for certifications  
 28          requested after ~~June 30, 2027~~ June 30, 2025.

29                                   \*       \*       \*

CODING: Words in ~~struck through~~ type are deletions from existing law; words underscored are additions.

1 §3204. Contracts of exemption; renegotiation; violations; lists; priority of  
2 exemptions

3 \* \* \*

4 M. No contracts shall be entered into and no existing contracts may be  
5 renewed pursuant to the provisions of this Section after June 30, 2025.

6 \* \* \*

7 §4302. Contracts of exemption; renegotiation; violation; lists

8 \* \* \*

9 B.(1) Each contract of exemption entered into under authority of this Chapter  
10 may be renewed for periods of up to five years, provided that the total number of  
11 years of exemption shall not exceed fifteen years unless otherwise provided in R.S.  
12 47:3204(B)(1)(c).

13 (2) No contracts shall be entered into and no existing contracts may be  
14 renewed pursuant to the provisions of this Section after June 30, 2025.

15 \* \* \*

16 §6007. Motion picture production tax credit

17 \* \* \*

18 I. No credits shall be allowed pursuant to this Section for applications  
19 received ~~on or after July 1, 2031~~ June 30, 2025.

20 \* \* \*

21 §6015. Research and development tax credit

22 \* \* \*

23 J. No credit shall be allowed pursuant to this Section for ~~research~~  
24 ~~expenditures incurred, Small Business Technology Transfer Program funds received~~  
25 ~~or Small Business Innovation Research Grant funds~~ applications received after  
26 ~~December 31, 2029~~ June 30, 2025.

27 \* \* \*

1 §6019. Tax credit; rehabilitation of historic structures

2 A.(1)(a)(i) There shall be a credit against income and corporation franchise  
3 tax for the amount of eligible costs and expenses incurred during the rehabilitation  
4 of a historic structure located in a downtown development district, located in a  
5 cultural district, or contributing to the National Register of Historic Places. The  
6 amount of the credit shall equal twenty-five percent of the eligible costs and  
7 expenses of the rehabilitation incurred prior to January 1, 2018, regardless of the  
8 year in which the property is placed in service. The amount of the credit shall equal  
9 twenty percent of the eligible costs and expenses of the rehabilitation incurred on or  
10 after January 1, 2018, and before January 1, 2023, regardless of the year in which the  
11 property is placed in service. The amount of the credit shall equal twenty-five  
12 percent of the eligible costs and expenses of the rehabilitation incurred on or after  
13 January 1, 2023, and before January 1, 2029, regardless of the year in which the  
14 property is placed in service. No credit is authorized pursuant to this Section for  
15 expenses incurred on or after January 1, 2029. No credits shall be granted pursuant  
16 to this Section for any applications for which Part I is received after June 30, 2025.

17 \* \* \*

18 §6020. Angel Investor Tax Credit Program

19 \* \* \*

20 H. No credits shall be granted or reserved under this program for reservation  
21 applications received by the department ~~on or after July 1, 2030~~ June 30, 2025.

22 \* \* \*

23 §6022. Digital interactive media and software tax credit

24 \* \* \*

25 D. Tax credit; specific projects.

26 \* \* \*

27 (4) For applications for state-certified productions submitted to the office on  
28 or after July 1, 2017, and before July 1, 2025, and subsequently approved by the  
29 office and secretary, there are hereby authorized tax credits that shall be earned by

1 a company at the time funds are expended in Louisiana on a state-certified  
2 production as follows:

3 \* \* \*

4 M. No credit shall be granted pursuant to the provisions of this Section for  
5 applications received after June 30, 2025.

6 §6023. Sound recording investor tax credit

7 \* \* \*

8 I. No credits shall be granted pursuant to the provisions of this Section for  
9 applications received on or after ~~July 1, 2026~~ July 1, 2025.

10 \* \* \*

11 Section 2. R.S. 51:1787(L) and 2461 are hereby amended and reenacted and R.S.  
12 51:2399.3(C) is hereby enacted to read as follows:

13 §1787. Enterprise zone incentives

14 \* \* \*

15 L. The department shall not accept any advance notification on or after ~~July~~  
16 ~~1, 2026~~ July 1, 2025.

17 \* \* \*

18 §2399.3. Modernization tax credit

19 \* \* \*

20 C. No credits shall be granted pursuant to the provisions of this Section for  
21 applications received after June 30, 2025.

22 \* \* \*

23 §2461. Application deadline

24 No new advance notifications under this Chapter shall be accepted by the  
25 Department of Economic Development after ~~June 30, 2026~~ June 30, 2025. However,  
26 an employer that was approved by the department to receive incentives under the  
27 program on or before ~~June 30, 2026~~ June 30, 2025, shall continue to receive  
28 incentives pursuant to the terms of its agreement with the state of Louisiana as long  
29 as the employer retains its eligibility.



1 Section 3. R.S. 17:3389, Part II of Chapter 26 of Title 25 of the Louisiana Revised  
2 Statutes of 1950, comprised of R.S. 25:1226 through 1226.6, R.S. 47:12, 34, 37,  
3 287.73(C)(4), 287.95(H), 287.748, 287.749, 287.752, 287.755, 287.758, 287.759,  
4 301(10)(a)(vi), Chapter 5 of Subtitle V of Title 47 of the Louisiana Revised Statutes of 1950,  
5 comprised of R.S. 47:4331, R.S. 47:6005(G), 6006, 6008(D), 6011, 6012, 6013(D), 6014(F),  
6 6015(L), 6016, 6016.1(N), 6017(C), 6018, 6021, 6022(L), 6025 through 6027, 6030,  
7 6032(H), 6035 through 6037, 6041, 6104(D), 6105(B), 6106(E), and 6107(C), Chapter 22  
8 of Title 51 of the Louisiana Revised Statutes of 1950, comprised of R.S. 51:1801 through  
9 1813, R.S. 51:1932, Part VI of Chapter 39 of Title 51 of the Louisiana Revised Statutes of  
10 1950, comprised of R.S. 51:2351 through 2360, Chapter 52 of Title 51 of the Louisiana  
11 Revised Statutes of 1950, comprised of R.S. 51:3081 through 3094, Chapter 54 of Title 51  
12 of the Louisiana Revised Statutes of 1950, comprised of R.S. 51:3111 through 3115, and  
13 Chapter 55 of Title 51 of the Louisiana Revised Statutes of 1950, comprised of R.S. 51:3121,  
14 are hereby repealed in their entirety.

15 Section 4. The provisions of this Act shall be applicable to income tax periods  
16 beginning on or after January 1, 2025, and franchise tax periods beginning on or after  
17 January 1, 2026.

18 Section 5. The Department of Economic Development shall annually report to the  
19 legislature the number of new businesses that have begun operating in the state from the  
20 enactment of this Act until 2028.

21 Section 6. This Act shall become effective upon signature by the governor or, if not  
22 signed by the governor, upon expiration of the time for bills to become law without signature  
23 by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If  
24 vetoed by the governor and subsequently approved by the legislature, this Act shall become  
25 effective on the day following such approval.

## DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

HB 2 Reengrossed

2024 Third Extraordinary Session

Emerson

**Abstract:** Reduces the rate of the corporation income tax from a graduated system of rates and brackets to a flat rate of 5.5% for taxable years after Jan.1, 2025, and before Jan. 1, 2026, and further reduces the flat rate to 3.5% for taxable years on or after Jan. 1, 2026; establishes a deduction for bonus depreciation and amortization; and repeals or terminates certain income tax credits.

Present law provides that the tax to be assessed, levied, collected, and paid on the La. taxable income of every corporation shall be computed at the following rates:

- (1) 3.5% on the first \$50,000 of La. taxable income.
- (2) 5.5% on La. taxable income above \$50,000 but not in excess of \$150,000.
- (3) 7.5% on La. taxable income in excess of \$150,000.

Proposed law changes present law by deleting the graduated schedule of rates dependent on the amount of taxable income of the taxpayer in favor of a flat 5.5% corporation income tax rate for taxable years beginning on or after Jan.1, 2025, and before Jan. 1, 2026. Proposed law further reduces the flat corporation income tax rate to 3.5% for taxable years beginning on or after Jan. 1, 2026.

Proposed law authorizes, beginning Jan. 1, 2025, a bonus depreciation deduction for qualified property or qualified improvement property and a bonus amortization deduction for research and experimental expenditures, at the election of the taxpayer, for costs of qualified property, qualified improvement property, and research and experimental expenditures. "Bonus depreciation" and "bonus amortization" mean methods to recover costs for expenditures in depreciable or amortizable business assets by immediately deducting the cost of the expenditures in the tax year in which the property is placed in service or the expenditure is paid or incurred.

Proposed law prohibits any depreciation claimed from duplicating any depreciation or bonus depreciation allowable on the federal income tax return of the taxpayer for the taxable year. Proposed law requires federal gross income to be increased by the amount of depreciation or amortization claimed under the Internal Revenue Code (IRC) for the qualified property, qualified improvement property, and research and experimental expenditures for which bonus depreciation has been claimed for taxable periods subsequent to the tax year in which the election has been made. Prohibits proposed law from being construed to allow as an expense the excess of 100% of the cost of property or expenditures.

Present law authorizes a nonrefundable income or franchise tax credit for businesses that hire participants in the work release programs established pursuant to present law. The amount of the credit shall be equal to 5% of the total wages paid to an eligible reentrant in an eligible job for 12 consecutive months following the release of the eligible reentrant from imprisonment. The total amount of tax credits granted to any eligible business shall not exceed \$2,500 per eligible reentrant. Present law prohibits credits from being granted after June 30, 2027.

Proposed law retains present law but accelerates termination for granting credits from after June 30, 2027, to certifications requested after June 30, 2025.

Present law authorizes the Board of Commerce and Industry, with approval of the governor, to enter into tax exemption contracts with manufacturing establishments, headquarters, or warehousing and distribution establishments seeking such exemption if requirements of present law are met regarding the location of the entity seeking the exemption for tax equalization.

Proposed law prohibits the Board of Commerce and Industry from entering into any exemption contract after June 30, 2025, and prohibits the board from renegotiating or approving the renewal of an existing contract after June 30, 2025.

Present law authorizes the following tax credits for state-certified motion picture productions:

- (1) A 25% tax credit if the base investment is in excess of \$300,000 or if the production is a La. screenplay production.
- (2) An additional 5% base investment credit for projects filmed outside the New Orleans Metro Zone, but not including St. John the Baptist Parish.
- (3) An additional 10% base investment credit for certain expenditures equal to or greater than \$50,000 but less than \$5 million for projects meeting certain La. screenplay criteria.
- (4) A 15% credit for La. resident payroll expenditures.
- (5) A 5% credit for certain La.-based visual effects expenditures meeting certain requirements.

Present law prohibits credits for applications received on or after July 1, 2031.

Proposed law retains present law but accelerates termination of the motion picture production tax credit from applications received on or after July 1, 2031, to applications received after June 30, 2025.

Present law authorizes an income and corporation franchise tax credit for certain taxpayers who employ 50 or more persons and claim a federal income tax credit for increasing research activities. This tax credit is also available for taxpayers who employ fewer than 50 employees if the employer meets certain eligibility requirements.

Present law authorizes an additional tax credit for taxpayers who receive a federal Small Business Innovation Research (SBIR) grant or contract and Phase I or Phase II grants or contracts from the federal Small Business Technology Transfer (SBTT) program equal to 30% of the award received during the tax year.

Present law prohibits tax credits for research expenditures incurred, SBTT program funds received, or SBIR grant funds received after Dec. 31, 2029.

Proposed law retains present law but accelerates the termination date for granting credits for research expenditures incurred, SBTT program funds received, or SBIR grant funds received after Dec. 31, 2029, to applications received after June 30, 2025.

Present law authorizes a tax preference known commonly as the "rehabilitation of historic structures tax credit" which provides a credit against income and corporation franchise tax for the amount of eligible costs and expenses incurred during the rehabilitation of a historic structure that meets qualifications provided in present law. The amount of the credit shall equal 25% of the eligible costs and expenses of the rehabilitation incurred on or after Jan. 1, 2023, and before Jan. 1, 2029, regardless of the year the property is placed in service. For the rehabilitation of a historic structure located in a rural area, the amount of the credit shall

equal 35% of the eligible costs and expenses of the rehabilitation incurred on or after Jan. 1, 2023, and before Jan. 1, 2029.

Present law prohibits the issuance of a credit for expenses incurred on or after Jan. 1, 2029.

Proposed law retains present law but accelerates termination of the credit for Part I applications received after June 30, 2025.

Present law establishes the Angel Investor Tax Credit program which authorizes a 25% income or corporate franchise tax credit on investments in La. small businesses that are certified by La. Economic Development (LED) as "Louisiana Entrepreneurial Businesses".

Present law limits the total amount of credits granted under the program to \$3.6 million per year but authorizes LED to carry forward residual unused credits in any calendar year to subsequent calendar years without regard to the annual credit cap. Prohibits credits from being granted or reserved for applications received by LED on or after July 1, 2030.

Proposed law retains present law but accelerates the termination date for granting or reserving credits from on or after July 1, 2030, to after June 30, 2025.

Present law authorizes an income or franchise tax credit for applications for state-certified digital media productions submitted to the office of entertainment industry development on or after July 1, 2017, and subsequently approved by the office and secretary of economic development, that shall be earned by a company at the time funds are expended in La. on a state-certified production. The amount of the credit shall be equal to 18% of the base investment and an additional 7% tax credit to the extent the base investment is expended on payroll for La. residents employed in connection with a state-certified production.

Proposed law retains present law but terminates the credit beginning July 1, 2025, and prohibits credits from being granted for applications received after June 30, 2025.

Present law authorizes a state income tax credit for investments made in state-certified sound recording productions until July 1, 2026. The tax credit is earned by investors at the time expenditures are certified by LED according to the total base investment certified for the sound recording production company per calendar year. The aggregate amount of credits that can be certified each year is limited to \$2,160,000; however, 50% of the credits certified each year shall be reserved for qualified music companies (QMC).

Present law provides that the amount of the credit for each investor for state-certified productions received on or after July 1, 2017, is 18% of the base investment made by that investor in excess of \$25,000 or, if a resident of this state, in excess of \$10,000. Present law provides for the following additional tax credits for state-certified productions:

- (1) QMC Tier 1 payroll credit of 10% for each new job with a salary of \$35,000 through \$66,000 per year.
- (2) QMC Tier 2 payroll credit of 15% for each new job with a salary of \$66,000 but not more than \$200,000.
- (3) Additional 10% increase in the base amount if the base investment is expended by a QMC on a sound recording of a resident copyright.

Proposed law prohibits credits from being allowed or granted for applications received on or after July 1, 2025. Otherwise retains present law.

Present law provides for the Enterprise Zone Program under which the Board of Commerce and Industry can enter into contracts after consultation with the secretary of LED and the secretary of the Dept. of Revenue with qualified applicants for rebates of state and local sales

and use tax or a refundable investment income tax credit equal to 1.5% of the amount of qualified expenditures.

Present law prohibits LED from accepting new advance notifications for the Enterprise Zone Program on or after July 1, 2026.

Proposed law retains present law but changes the deadline for LED to accept new advance notifications from on or after July 1, 2026, to on or after July 1, 2025.

Present law authorizes an employer to earn and apply for a refundable credit on any income or corporation franchise tax liability in the amount approved by the secretary of LED for qualified expenditures incurred by the employer for a modernization pursuant to the Retention and Modernization Act. Further provides that for credits approved on and after July 1, 2017, the amount of the credit granted shall be 4% of the amount of qualified expenditures incurred by the employer for modernization with the credit divided in equal portions for five years. The total amount of modernization tax credits granted in any calendar year shall not exceed \$7.2 million regardless of the year in which the credit is claimed. A retention and modernization tax credit shall expire and have no value or effect on tax liability beginning with the eleventh tax year after the tax year in which it was originally granted.

Proposed law retains present law but adds a termination date for the credit by prohibiting credits from being issued for applications received after June 30, 2025.

Present law provides for the La. Quality Jobs Program under which LED can enter into contracts with qualified applicants for rebates of sales and use tax and an investment tax credit. Present law prohibits new advance notifications for the Quality Jobs Program to be accepted by LED after June 30, 2026.

Proposed law retains present law but changes the deadline for LED to accept new advance notifications for the Quality Jobs Program from after June 30, 2026, to after June 30, 2025.

Present law requires the House Committee on Ways and Means and the Senate Committee on Revenue and Fiscal Affairs to review various tax credit programs to determine if the economic benefit provided by these credits outweigh the loss of revenue realized by the state as a result of awarding such credit. Further requires the committees to make specific recommendations no later than March 1, 2017, to either continue the credit or to terminate the credit.

Proposed law repeals present law.

Proposed law repeals the following tax rebates, exemptions, deductions, exclusions, and credits for tax periods beginning on and after Jan. 1, 2025, and for franchise tax periods beginning on or after Jan. 1, 2026:

- (1) Tax rebates, exemptions, and credits for university research and development parks. (R.S. 17:3389)
- (2) Tax exemptions and credits for the Atchafalaya Trace Heritage and Development Zone. (R.S. 25:1226 through 1226.6)
- (3) Low income housing tax credit. (R.S. 47:12)
- (4) Tax credit for certain full-time and part-time jobs. (R.S. 47:34)
- (5) Tax credits for contributions to certain educational institutions. (R.S. 47:37 and 287.755)

- (6) Tax deduction for certain disallowed expenses. (R.S. 47:287.73(C)(4))
- (7) Tax credit for certain re-entrant jobs. (R.S. 47:287.748)
- (8) Tax credit for certain new part-time and full-time jobs. (R.S. 47:287.749)
- (9) Tax credit for employment of first-time nonviolent offenders. (R.S. 47:287.752)
- (10) Tax credit for bone marrow donor expenses. (R.S. 47:287.758)
- (11) Tax credit for employee and dependent health insurance coverage. (R.S. 47:287.759)
- (12) Sales tax exclusion for certain purchases by motion picture production companies. (R.S. 47:301(10)(a)(vi))
- (13) Corporate Tax Apportionment Program. (R.S. 47:4331)
- (14) Tax credit for local inventory taxes paid. (R.S. 47:6006)
- (15) Tax credit for employers for donations of materials, equipment, advisors, or instructors. (R.S. 47:6012)
- (16) New markets tax credit. (R.S. 47:6016)
- (17) Tax credit for purchasers from "PIE contractors". (R.S. 47:6018)
- (18) Brownfields Investor tax credit. (R.S. 47:6021)
- (19) Tax credit for La. Citizens Property Insurance Corporation assessment. (R.S. 47:6025)
- (20) Cane River heritage tax credit. (R.S. 47:6026)
- (21) Solar energy tax credit. (R.S. 47:6030)
- (22) Tax credit for investments in qualified clean-burning motor vehicle fuel property. (R.S. 47:6035)
- (23) Ports of La. tax credit. (R.S. 47:6036)
- (24) La. import tax credit. (R.S. 47:6036.1)
- (25) Tax credit for "green job industries". (R.S. 47:6037)
- (26) Tax credit for restaurants and bars affected by the COVID-19 pandemic. (R.S. 47:6041)
- (27) Urban Revitalization Tax Incentive Program. (R.S. 51:1801-1813)
- (28) Tax exemptions within the La. Capital Companies Tax Credit Program. (R.S. 51:1932)
- (29) Technology Commercialization Credit and Jobs Program. (R.S. 51:2351-2360)
- (30) The La. Community Development Financial Institution Act. (R.S. 51:3081-3094)
- (31) The Corporate Headquarters Relocation Program. (R.S. 51:3111-3115)

## (32) Competitive Projects Payroll Incentive Program. (R.S. 51:3121)

Proposed law requires the Dept. of Economic Development to annually report to the legislature the number of new businesses that have begun operating in the state from enactment of proposed law.

Proposed law applies to income tax periods beginning on or after Jan. 1, 2025, and franchise tax periods beginning on or after Jan. 1, 2026.

Effective upon signature of governor or lapse of time for gubernatorial action.

(Amends R.S. 47:287.12, 287.750(I), 4302(B), 6007(I), 6015(J), 6019(A)(1)(a)(i), 6020(H), 6022(D)(4)(intro. para.), and 6023(I) and R.S. 51:1787(L) and 2461; Adds R.S. 47:287.73(C)(6), 287.744, 3204(M), and 6022(M) and R.S. 51:2399.3(C); Repeals R.S. 17:3389, R.S. 25:1226-1226.6, R.S. 47:12, 34, 37, 287.73(C)(4), 287.95(H), 287.748, 287.749, 287.752, 287.755, 287.758, 287.759, 301(10)(a)(vi), 4331, 6005(G), 6006, 6008(D), 6011, 6012, 6013(D), 6014(F), 6015(L), 6016, 6016.1(N), 6017(C), 6018, 6021, 6022(L), 6025 - 6027, 6030, 6032(H), 6035-6037, 6041, 6104(D), 6105(B), 6106(E), and 6107(C), R.S. 51:1801-1813, 1932, 2351- 2360, 3081-3094, 3111-3115, and 3121)

Summary of Amendments Adopted by HouseThe House Floor Amendments to the engrossed bill:

1. Add the tax credit for employers for donations of materials, equipment, advisors, or instructors to the list of tax credits being repealed in proposed law.
2. Add requirement that the Dept. of Economic Development annually report to the legislature the number of new businesses that have begun operating in the state from enactment of proposed law.
3. Make technical changes.